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U.S. DEPARTMENT OF COMMERCE
FEDERAL MARITIME COMMISSION

ORIGINAL

CROWLEY LINER SERVICES / FRONTIER LINER SERVICES
SPACE CHARTER AND SAILING AGREEMENT

FMC Agreement No. : 011857

Expiration Date: None

This Agreement has not been published previously.



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ARTICLE 1: FULL NAME OF THE AGREEMENT

The full name of the Agreement is the **CROWLEY LINER SERVICES / FRONTIER LINER SERVICES, INC. SPACE CHARTER AND SAILING AGREEMENT** (hereinafter referred to as the "Agreement"). The Agreement may also be referred to as the "Crowley / Frontier Space Charter and Sailing Agreement."

ARTICLE 2: PURPOSE OF THE AGREEMENT

The purpose of the Agreement is to permit the Parties to achieve efficiencies and economies in their respective services offered in the Trade covered by the Agreement.

ARTICLE 3: PARTIES TO THE AGREEMENT

The Parties to the Agreement (hereinafter referred to as "the Party" or collectively as "the Parties") are:

- (1) Crowley Liner Services
P.O. Box 2110
Jacksonville, Florida 32203
- (2) Frontier Liner Services, Inc.
8600 N.W. 53rd Terrace, Suite 204
Miami, Florida 33166

ARTICLE 4: GEOGRAPHIC SCOPE OF THE AGREEMENT

This Agreement shall cover transportation between ports on the United States East Coast and coastal and inland points served via such ports on the one hand, and on the other, ports in the Dominican Republic and coastal and inland points served via such ports. The foregoing geographic scope is hereinafter referred to as "the Trade."

ARTICLE 5: AGREEMENT AUTHORITY

5.1 Definition.

Slot Provider: Frontier Liner Services, Inc.

Slot Purchaser: Crowley Liner Services

5.2 Cargo.

This Agreement covers containerized cargo and all commodities pursuant to each participating carrier's governing tariffs.

5.3 Slots

The Slot Provider will make available slots in the Trade to the Slot Purchaser in such amounts as they may from time to time agree. The Parties initially expect the Slot Provider shall provide a maximum 25 TEUs Northbound, and 50 TEUs Southbound, ~~or 1000 metric tons (20 ton / TEU) per vessel, whichever is reached first~~ on vessels operated in the Trade on terms and conditions to be agreed by the Parties. Without further amending this agreement, the Parties may decide the specific allocation on specific vessels from time to time. The Slot Purchaser shall pay the Slot Provider for the slots at rates and terms to be agreed between the Parties. Slot and cargo weight allocation including allocation of reefer slots may be adjusted from time to time subject to mutual agreement of the Parties. The Slot Provider is authorized to sell to the Slot Purchaser additional slots over and above allocation under this Agreement on such terms as the Parties may from time to time agree.

5.4 Efficient Use of Equipment, Terminals, Stevedores, Ports and Suppliers

The Parties may interchange or lease empty containers, chassis and/or related equipment to provide for the efficient use of such equipment on such terms as they may agree. The Parties shall procure the maintenance of all equipment to keep it technically compatible with the characteristics of the vessels operated under this Agreement, but each Party shall conduct equipment control separately. The Parties may also jointly contract with or coordinate in contracting with stevedores, terminals, ports and suppliers of equipment, land, services, or may designate a Party to provide such services on the designating Party's behalf. Notwithstanding the foregoing, stevedoring and terminal expenses for handling containers, both full and empty, and all cargo shall be for the account of the booking Party. This Agreement does not authorize joint operation of any marine terminal by the Parties in the United States.

5.5 No Joint Service, Pooling

The slot allocation, coordination of sailings and vessels, and cooperative use of equipment, terminals, stevedores, ports and suppliers to the extent provided hereunder do not create a joint service or permit the Parties to pool cargo or revenue or to discuss rates.

5.6 Marketing and Documentation

The Parties shall solicit and book cargoes subject to this Agreement for their separate accounts and shall issue their own separate bills of lading. This Agreement does not authorize the Parties to establish a common tariff.

5.7 Documentation, Data Systems

The Parties may discuss and agree on terms and conditions of joint development, implementation, and interchange of documentation, data systems, information and data, other operating systems, and computerization and joint communication, including any joint negotiations, leasing or contracting relating thereto.

5.8 Transshipment and Feeder Arrangements

When used in conjunction with the carriage of cargo in the Trade, the Parties may discuss and agree on use and rationalization of one another's feeder, port, terminal and intermodal operations within and between foreign countries. Such agreements do not confer FMC jurisdiction over activity outside the scope of the Shipping Act of 1984, as amended,

5.9 Miscellaneous

- (1) The Parties may discuss and agree upon such general administrative matters and other terms and conditions concerning the implementation of this Agreement as may be necessary or convenient from time to time, including, but not limited to, performance procedures and penalties, procedures for allocating slots, forecasting, schedule adjustments, record-keeping, responsibility for loss or damage, the establishment and operation of individual or joint tonnage centers, the terms and conditions for force majeure relief, insurance, liabilities, claims, indemnification, consequences for delays, and treatment of hazardous and dangerous cargoes. Notwithstanding the foregoing, each Party shall bear its own administrative expenses in connection with this Agreement.
- (2) The Slot Provider shall provide any documentation relating to vessels that may be required to permit vessels' trade in the service leg, including, but not limited to certificates of financial responsibility for oil pollution, valid international tonnage certificate, valid certificate of registry.

5.10 Vessels

Frontier Liner Services, Inc. will provide two (2) vessels of approximately 285 TEU capacity in its service ~~and~~ intends to operate the vessels weekly.

ARTICLE 6: AUTHORIZED REPRESENTATIVE

The following persons shall have authority to sign and file this Agreement or any modification to this Agreement, to respond to any requests for information from the FMC and to delegate such authority to other persons.

- (1) Art Mead, Esq.
General Counsel
Crowley Liner Services
Telephone:
Facsimile:

Mr. Julio Osorio
General Manager
Frontier Liner Services, Inc.
Telephone: (305) 471-7800
Facsimile: (305) 471-7002

~~and/or~~

- (2) Legal Counsel for a Party

ARTICLE 7: MEMBERSHIP, WITHDRAWAL, READMISSION AND EXPULSION

None.

ARTICLE 8: VOTING

All matters decided under this Agreement, including amendments hereto, shall be by unanimous vote of the Parties. The Parties may meet wherever they decide for implementing this Agreement; however, actions in implementation of this Agreement may also be taken pursuant to telephone/E-mail/fax or other writing polls of the Parties. A quorum shall exist if all Parties are present in person or by telephone/E-mail/fax or other writing contact.

ARTICLE 9: DURATION AND TERMINATION OF THE AGREEMENT

9.1 Unless otherwise agreed by the Parties, this Agreement shall be effective upon the later of either the commencement by the Parties of the vessel operations described herein, or the date the Agreement becomes effective pursuant to the Shipping Act of 1984, as amended by the Ocean Shipping Reform Act of 1998. Failure of a Party to this Agreement to obtain approval of any authority, for any reason, shall not provide the basis for any recourse, liability or damages whatsoever.

9.2 Subject to Article 9.1 above, this Agreement shall commence in July, 2003, pending approval by the Federal Maritime Commission, and is intended to remain in force for an initial period of 12 months through July, 2004 and shall be automatically extended for successive one-year periods unless terminated pursuant to notice of termination.

9.3 The Agreement may be terminated as follows:

- (1) Either Party may terminate this Agreement by giving written notice of termination not less than forty-five (45) days prior to the termination date specified in such notice;
- (2) Either Party may terminate this Agreement if one or more vessels are lost or withdrawn from service under this Agreement and is not replaced by the Slot Provider within one (1) month after the loss. The Slot Provider shall give immediate written notice to the Slot Purchaser of any actual loss or

constructive loss of a vessel;

- (3) Notwithstanding the above provision 9.3 (2), this Agreement may be terminated at any time by mutual consent of the Parties.

9.4 If any Party becomes involved in any one of the following situations, either of the Parties has the right, by giving written notice, to terminate the Agreement immediately without prejudice to any already accrued rights and obligations:

- (1) Commencement of dissolution procedure;
- (2) Filing of bankruptcy or insolvency procedure; and/or
- (3) Making a general assignment or composition with its creditors.

9.5 Notwithstanding any other provision of this Agreement, the obligations of the Parties pursuant to this Agreement shall remain in force until each vessel operated pursuant to this Agreement shall have completed discharging at the last port on the last leg of her final complete voyage which commenced prior to termination, and all accounts between the Parties under this Agreement are settled.

ARTICLE 10: ARBITRATION AND GOVERNING LAW

Any dispute among the Parties arising out of or in connection with this Agreement shall, if amicable settlement is not possible, be referred to arbitration before three (3) arbitrators in the State of Florida, under the rules of the Society of Maritime Arbitrators. In any such dispute, this Agreement shall be governed by and construed in accordance with the law of the State of Florida, and to the extent applicable, U.S. federal or maritime law. Nothing in this Agreement shall be construed to relieve the Parties of their obligations to comply with the Shipping Act of 1984, as amended.

ARTICLE 11: LANGUAGE

This Agreement and all notices, communications or other written documents related to this Agreement shall be in the English language. If any document related to the Agreement cannot be in the English language, it shall be accompanied by an English translation and the English version shall prevail.

ARTICLE 12: NON-ASSIGNMENT

12.1 The Slot Purchaser shall not assign, transfer, subcontract, change, or otherwise dispose of any rights and duties in this Agreement to any person, firm, or corporation without the prior written consent of the other Party.

12.2 The Slot Purchaser shall not be authorized to enter into any other agreement on behalf of the Slot Provider whether relating to navigation, operation or management of the vessel or otherwise.

ARTICLE 13: FORCE MAJEURE

The obligations of the Slot Provider/Slot Purchaser shall be excused to the extent that the existence and continuance of conditions beyond its control render the Slot Provider/Slot Purchaser unable to perform its obligations. Such conditions include but are not limited to war, civil commotion, invasion rebellion, regulations, or order of governmental authorities, acts of God, or inability to obtain materials or services. The Party asserting the existence of such conditions as an excuse of non-performance shall promptly give written notice of such conditions to the other Party.

ARTICLE 14: HARDSHIP

14.1 Notwithstanding Article 9, during the effective period of this Agreement, if the consequences of any Force Majeure described in Article 13, or boycott against one flag or a political ban against one Party to this Agreement, causes substantial frustration of the objectives of

the Agreement, then the Parties shall meet in a spirit of goodwill and are bound to adapt the terms of this Agreement to these circumstances. If the Parties fail to reach an agreement within thirty (30) days, any Party may terminate this Agreement immediately upon written notice.

14.2 In the event one of the Parties is merged with or sold to a third party which continues to operate container vessels in the Trade covered by this Agreement, then such other party shall be bound by the terms of this Agreement and continue to provide slots under the terms of this Agreement to the Party who was not subject to the merger. The merging party shall include in the merger agreement a clause requiring the merged entity to honor this Agreement. Notwithstanding the foregoing either of the Parties who was not subject to merger shall have the right to terminate this Agreement on ninety (90) days prior written notice.

ARTICLE 15: NOTICES

Except as otherwise agreed to by the Parties hereto, any notice under this Agreement shall be in writing and be signed by or on behalf of the Party giving it. Any such notice will be served by sending it by facsimile to the fax number as notified by the Parties as provided hereunder.

- (1) Crowley Liner Services
P.O. Box 2110
Jacksonville, Florida 32203
Facsimile No.: (904) 805-1641

- (2) Frontier Liner Services, Inc.
8600NW 53rd Terrace, Suite 204
Miami, Florida 33166
Facsimile No.: (305) 471-7002

Any notice so served by facsimile shall be deemed to be received twenty-four (24) hours after the ~~time~~ of dispatch provided an error-free transmission report has been received by the sender.

ARTICLE 16: COUNTERPARTS

This Agreement ~~may~~ be executed in counterparts. Each such counterpart shall be deemed an original, but all together shall constitute but one and the same instrument.

ARTICLE 17: SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date above set forth.

CROWLEY LINER SERVICES

BY:

Michael G. Roberts
Attorney-in-Fact

FRONTIER LINER SERVICES, INC.

By:

Julio Osorio
General Manager

Dated: June 12, 2003